



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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17-09 City of Colorado Springs Ballot Measure 2C Maintenance of Effort Spending (2016)

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Purpose

The purpose of this audit was to calculate the 2016 General Fund spending on repair and maintenance of roads and streets. We also determined if the amount met the Ballot 2C Maintenance of Effort (MOE) requirement.

Conclusion:

The 2016 annual spending for repair and maintenance of roads and streets from the General Fund was \$4,008,643. The 2016 General Fund spending met the Ballot 2C requirement and exceeded the MOE by \$1,310,130.

Background:

Maintenance of Effort (MOE): Ballot 2C specified the City maintain spending on repair and maintenance of roads and streets from the General Fund during the term of the temporary sales and use tax increase at an amount equivalent to the average spending from 2012 through 2014. This MOE was calculated by the City Auditor in the amount of \$2.698M. 2016 was the first year the 2C revenue was collected and services were provided.

Applicable Spending	2012 - 2014 Spending	2016 Spending
Labor and Benefits	\$ 3,213,141	\$ 1,905,067
Allocated Operating Expenses	\$ 443,629	\$ 222,697
Capital Improvement Projects-Streets	\$ 2,438,770	\$ 1,880,879
Pothole Road Repairs	\$ 2,000,000	\$ -
Total	\$ 8,095,540	\$ 4,008,643
3 year average Total - MOE Spending Required	\$ 2,698,513	

Methodology

The same methodology was used in calculating the 2016 MOE spending as used in determining the 3 year average spending. Labor and Benefits were calculated based on the actual labor reported in the work order system specifically identified as road repair and maintenance projects, exclusive of 2C and PPRTA funded work. It included supervision, inspection, and administrative salaries and benefits based on the estimated percentage of time designated as contributing to road repair and maintenance. The labor category increased significantly in 2016 because it included administration and inspection activities performed by City general fund employees of 2C contracted work. Operating expenses for the Streets Division were reduced by all non-road repair and maintenance activities and then allocated using the percentage of applicable labor and benefits to total labor and benefits. Applicable Capital Improvement Projects (CIP) were included in their entirety.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.